



Michael O. Leavitt
Governor

David T. Terry
Director

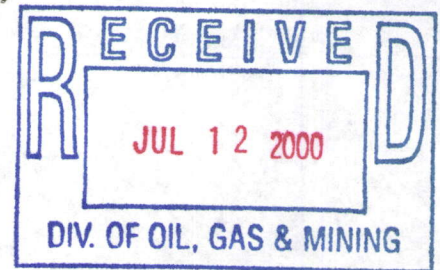
State of Utah

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5/015/040

July 11, 2000



David Taylor
Miracle Rock Mining & Research
P.O. Box 218
Ferron, UT 84523

CERTIFIED MAIL NO. P 959 217 969

RE: ML 42844-Clay

Dear Mr. Taylor,

On July 10, 2000, I received a map of underground mine workings which you submitted in response to my request of May 23, 2000, and my notice of June 15, 2000. The map of underground mine workings which Lessee submitted to Lessor does not satisfy the requirements of Article XII the lease.

Article XII of ML 42844-Clay expressly requires that Lessee maintain accurate and detailed maps of all actual and planned operations on a scale of not more than 50 feet to the inch, with points coordinated with public land surveys showing distance to the nearest public survey monument or re-established survey corner. Such maps or plats must show the workings from time to time, as the same are extended. The survey must be conducted by a licensed surveyor or engineer.

The underground mine workings map which you submitted shows no distances to public survey monuments; has no scale; shows no measurements or dimensions of the underground mine workings; and was not prepared by a licensed surveyor or engineer.

Lessee has not yet made remedy of the default of Article XII of the terms and conditions of ML 42844 as stated in the Lessor's notification to Lessee dated June 15, 2000. Accordingly, if such default shall continue past July 15, 2000, this lease shall be subject to cancellation by the Director.

Sincerely,

John T. Blake
Mineral Resources Specialist

cc: Tony Gallegos